



## Alaska Health Care Commission June 20-21, 2013 Meeting Health Care Finance & Pricing Learning Session

### Purpose of this Learning Session

To enhance knowledge about factors that impact financial management in the health care sector to better inform strategies under consideration by the Commission related to price and quality transparency, payment reform, and employee health plan design.

### Objectives

Increased understanding by Commission members of:

- Basic principles of financial management in health care
- How costs are determined, including description of cost reports
- Payer types and payment methodologies
  - Medicare and Medicaid (including Community Access Hospital cost-based reimbursement and Medicare prospective payment system)
  - Commercial insurance (fee-for-service & discounts)
  - Private pay (prompt-pay discounts, charity care and bad debt)
- The significance of service mix and payer mix
- Revenue cycle and cash flow
- How prices are set, including
  - Legal restrictions regarding pricing
  - What a chargemaster is and how it works
- Trends influencing health care reimbursement (e.g., pay-for-performance, ICD-10, etc.)

### Date, Time and Location of Session

Thursday, June 20: 8:05 am – 10:15 am

Frontier Building, Room 896, 3601 C. Street, Anchorage, AK

### Format – 2 Hour Educational Session:

- I. Video: Health Care Prices (*3 minutes*) ???
- II. Presentation: Health Care Finance 101 (*70 minutes*)
  - **Ken Tonjes**, CFO, PeaceHealth Ketchikan Medical Center (*45 minutes*)
  - Private physician practice management perspective: Cost management and price setting challenges
    - **Brandon Ousley**, Practice Manager, Medical Park Family Care (*15 minutes*)
  - Q&A (*10 minutes*)
- III. Panel Discussion (*60 minutes*)
  - Interactive discussion: How do we achieve the “Triple Aim”\* given the constraints of the current financial management system in health care? (*Each panelist will have 5-8 minutes to share their perspective on this question, with the remaining 30 minutes devoted to interactive discussion*)
    - Private practice physician (Primary Care): **John C. Cates, DO**
    - Private practice physician (Specialty Care): **Seth Krauss, MD**
    - Urban Hospital CEO: **Mike Powers**, Fairbanks Memorial Hospital
    - Rural Hospital CEO: **Liz Woodyard**, Petersburg Medical Center

### **Background on the Commission**

The Alaska Health Care Commission was established in state law during 2010 to advise the Governor and State Legislature on policies for improving health care quality, cost and access. Member composition is designated in statute, and includes representation from the health care provider and insurance industry as well as the business community and consumers. Members are appointed by the Governor. The Commission's focus is on health care system improvement that can be driven by state-level policy initiatives. The Commission presents their findings and recommendations regarding issues they've studied each year in an annual report to the Governor and legislature in January.

In addition to studying potential strategies for improving quality, cost and access and developing related recommendations, the Commission devotes some time each year to learning more about how the current health care system works. This year the Commission is interested in learning more about how health care finances are managed, and how providers determine their cost of delivering and set prices for their services.

### **Additional Info:**

- \* The "Triple Aim" is an initiative of the Institute for Healthcare Improvement that provides a framework for optimizing health system performance through simultaneous pursuit of three dimensions:

- Improved patient experience of care (including quality and satisfaction)
  - Improved population health (health outcomes)
  - Reduced per capita cost of health care

More information on IHI's Triple Aim initiative is available on their website at:

<http://www.ihl.org/offerings/Initiatives/TripleAim/Pages/default.aspx>

- More information on the Commission is available on our website at:

- <http://dhss.alaska.gov/ahcc/Pages/default.aspx>

- Commission members bios:

- <http://dhss.alaska.gov/ahcc/Pages/members.aspx>